GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2571
ANSWERED ON:16.03.2007
TARGET FOR NON LIFE INSURANCE COMPANIES
Jagannath Dr. M.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has set up any targets for non-life insurance companies to generate premium from the rural ureas under the norms set for rural social obligation;

(b) if so, the details thereof;

(c) the total amount of premium generated by non-life insurance companies both public and private from the rural areas dun ig, the last three years;

(d) whether Insurance Regulatory & Development Authority (IRDA) have reviewed the performance of non-life insurance companies with regard to achievement of rural premium targets;

(e) if so, the number of companies both public and private that have achieved the targets;

(f) the action taken /proposes to be taken against the companies that have failed to achieve the targets; and (g) the details of the companies, that have covered the shortfall of the commitment for rural areas in the current financial year?

Answer

MIMSTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Insurance Regulatory & Development Authority (IRDA) has reported that in terms of IRDA(Obligations of the insurers towards the rural and social sectors) Regulations, 2002 non-life insurance companies are required tD comply with the obligations towards the rural areas which are as under:

(i) two per cent in the first financial year;

(ii) three per cent in the second financial year; and

(iii) five per cent thereafter, of the total gross premiun income written direct in that year and for public sector insurers, the quantum of business to be underwritten should not be less than that underwritten in year 2:001-02.

(c): IRDA has reportec: that it docs not monitor the premium generated by the insurance companies. Only data on percentage of premium from the rural areas is collected by IRDA.

(d) ; Yes, Sir. The review of premium under rural obligations is done on monthly basis by IRDA.

(e): IRDA has reported that all non-life insurers have complied with their respective rural sector obligations in the financial years 2003-04, 2004-05 and 2005-06 and have achieved the targets.

(f) & (g): Do not arise.